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Chicago (Ill.)

Thompson plan for people's ownership and...

[Chicago]

[1919]

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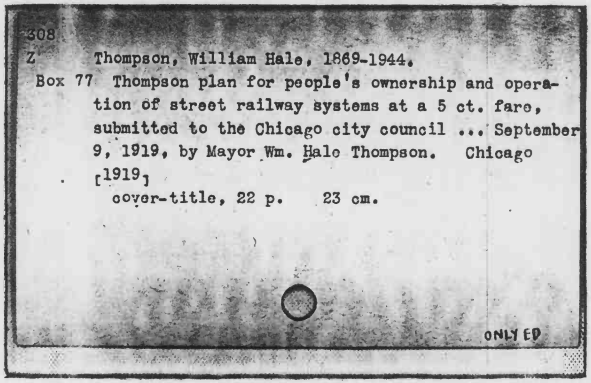


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## TECHNICAL MICROFORM DATA

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DATE FILMED: 2-26-97 INITIALS: MS

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# PM-MGP
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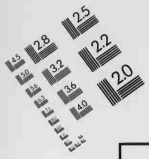

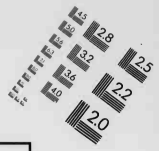

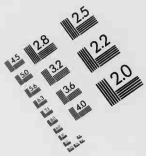

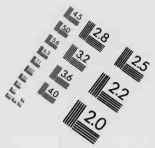

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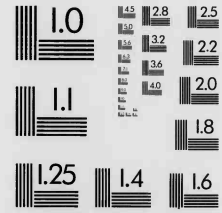


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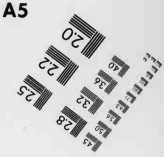

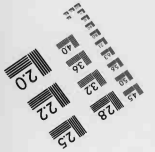

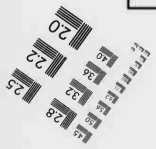

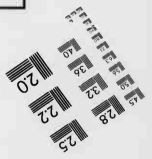

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# THOMPSON PLAN

FOR

## People's Ownership and Operation

OF

## Street Railway Systems

## at a 5ct Fare

SUBMITTED TO THE

CHICAGO CITY COUNCIL

IN SPECIAL SESSION
SEPTEMBER 9, 1919

*By*

MAYOR WM. HALE THOMPSON

WM. HALE THOMPSON
MAYOR

CITY OF CHICAGO
OFFICE OF THE MAYOR

August 23, 1919

19 Ap 1920 Sm

Hon. James T. Igoe,
City Clerk,

Dear Sir:

By virtue of the authority conferred upon me, I, William Hale Thompson, Mayor of the City of Chicago, do hereby call a special meeting of the City Council of the City of Chicago, to be held on Tuesday, September 9, 1919, at 2:30 P. M., and request that notice of such meeting be sent to the members at least ten days in advance thereof.

The purpose of the proposed special meeting is to receive, consider and act upon a message from me, as Mayor, concerning the local traction situation, and a proposed solution of the traction problems confronting us contained therein.

Yours respectfully,

William Hale Thompson

Mayor

## MAYOR'S OFFICE

Chicago, September 9, 1919.

*To the Honorable, the City Council of the City of Chicago.*

Gentlemen: Pursuant to the call issued by me, August 23, 1919, for this special meeting, and in accordance with the purpose announced therein, I submit for your consideration this message.

In numerous previous messages I have discussed the local transportation situation and from time to time have made various suggestions with a view to aiding improvement in service for the benefit of the people of Chicago whose business and pleasure is dependent upon the efficiency of our traction lines.

From my experience with this matter and from my observation of the workings of traction interests I am of the opinion that the people of Chicago will never have satisfactory traction service while the principal end aimed at in that service is private gain. So long as high finance, returns on watered stock and excessive profiteering are the impulses which sway traction management, just so long will the car-riding public continue the victims until conditions finally become unendurable.

### Traction Employes' Wage Controversy

In the early part of July of this year, employes of the Surface and Elevated Lines demanded increases in wages and different working conditions, threatening a strike unless such demands were granted. On July 14th the City Council adopted a resolution providing for the appointment of a committee consisting of four Aldermen, a representative of the Surface Lines, a representative of the Elevated Lines, a representative of each of the unions to which the Surface and Elevated Lines' employes belonged and the Mayor. On this committee I appointed Alderman Thomas F. Byrne, Sheldon W. Govier, Scott M. Hogan and Edward R. Armitage, President Leonard A. Busby of the Surface Lines, President Britton I. Budd of the Elevated Lines, President William Quinlan of the Sur-

face Lines Employes' Union and President William Mylan of the Elevated Lines Employes' Union. On July 21st I called a meeting of this committee to discuss the possibility of averting the threatened strike. The meeting was held with all representatives present and what took place appears in detail in my report submitted to the Council on July 31st, pages 1064 to 1070 of your printed proceedings.

### Utilities Commission Negotiates for Settlement

Previous to this meeting, however, the representatives of the Surface and Elevated Lines and of the Unions had taken up the settlement of the pending controversy with the State Public Utilities Commission. No representatives of the City government, or of the people, or of the public press were admitted to the conferences which took place between the members of the State Public Utilities Commission and the representatives of the Surface and Elevated Lines and the Unions, nor were any notified or invited, consequently no authentic information is available as to what took place. Your committee, however, tendered its good offices to avert a strike and offered to meet at any hour its services were needed, but no member asked for another meeting, and the State Public Utilities Commission was understood to be in control of negotiations.

The Public Utilities Commission claimed authority to intervene by virtue of a sentence in Section 8 of the Public Utilities Act, reading as follows:

> "The Commission shall at such times as the Governor shall direct, examine any particular subject connected with the condition and management of public utilities and report to him in writing its opinion thereon with its reasons therefor."

I am informed that the conferences referred to were held at the direction of the Governor.

### Utilities Commission Increases Fares

The threatened strike took place and lasted from July 29th until August 2nd, when all employes returned to work under a reported agreement arrived at with the co-operation and approval of the Public Utilities Commission. In the middle of the forenoon of Saturday, August 2nd, the Surface Lines notified the City that at 10 a. m. on Monday, August 4th, they would apply to the Public Utilities Commission for a temporary order allowing them to charge increased rates of fare pending a hearing to be held later on. The Public Utilities Commission on Monday, August 4th, over the objections and protests of the City proceeded to consider the application of the Surface Lines for a temporary increase in rates of carfare, and on Wednesday, August 6th, entered an order allowing the companies to charge seven-cent carfares instead of five cents, as prescribed by the 1907 contract ordinances.



### Companies Profit—People Ignored

In my opinion this speedy proceeding offered no opportunity for a hearing sufficient to warrant the Commission in entering an order which for the time being, at least, enables the Traction interests to take from the pockets of the people of Chicago from $30,000 to $38,000 a day and place it in their treasury, with only a very remote chance of its ever being refunded in case the rates they are now charging are ultimately found to be unreasonable and unjust. This is a new style of government, one step removed from the people, by means of which financial burdens are first levied, collected and spent and the people's claims for justice adjudicated afterward. This kind of a deal would never take place under a Commission controlled by the people and elected by a constituency comprised of the people directly interested.

### Outcome of Proceedings Planned

The members of the State Public Utilities Commission and the representatives of the Surface Lines denied, during the brief proceeding, that there was any previous agreement that carfares would be increased if wages were raised. nevertheless Mr. Busby, the President of the Surface Lines, testified that he had plainly informed the members of the Commission that if wages were increased, rates

of fare must be increased also, and the Commission in turn promised the Surface Lines a "speedy" hearing on their "emergency" application for an increase in carfares if they would consent to an increase in wages. It seems obvious, therefore, that while there may have existed no agreement, in fact, there must have been an understanding in substance, borne out by the evident preparedness and speed with which the Commission concluded that carfares should be increased.

**Proceedings Arbitrary—Mayor's Comment Thereon**

I doubt whether the State Public Utilities Commission is authorized by law to do what it has done under the circumstances or in the manner in which it has done it. Its proceedings appeared to me to be autocratic and dictatorial toward the public interest from beginning to end, but if it is upheld by law then the Public Utility law itself is vicious and tyrannical and should be repealed. After the order of the Commission had been entered and put in force I issued a public statement bearing upon same which was published in the newspapers of Sunday, August 10th, and my reason for repeating it here is that it bears directly upon the purpose of this meeting and what I am about to present. The said statement was as follows:

**Decision Unfair—No Justice from Traction Owners**

"The decision of the State Public Utilities Commission of Illinois, as it appears to me, is neither fair nor just to the people of Chicago. The imposition of increased street car fares upon the people without a full and complete hearing of the people's side of the case, and without a physical valuation of the companies' properties upon which to compute its earnings and base rates of fare to the public, is unfair and unjust.

"The decision serves as a standing reminder to the people of Chicago that they never have and never will receive justice or equity or the benefits of square-dealing from the crew of conscienceless plunderers now owning and operating our local transportation lines. A square deal for the people is farthest from any thoughts controlling their profiteering designs.



Their action in securing a raise of fares in the manner in which it has been done should wipe out any vestige that might remain of public confidence in the present traction management. They obtained the valuable franchises which they hold in the streets of Chicago from the people under a contract to maintain a five-cent fare with universal transfers during the life of these franchises, which still have eight years to run. In the hearing just completed they have wilfully ignored the rights of the people who are the owners of the streets—the most valuable asset to the companies' business. This fully convinces me, and I believe convinces the people of Chicago, that the present traction management is entitled to no future consideration, because it recognizes responsibility only to the companies and none to the people.

**People Voted for Five-cent Fares**

"In my second inaugural message submitted to the City Council on April 28th of this year, I called attention to the fact that the people by their votes in the mayoralty election favored the maintenance of the five-cent fare with universal transfers upon our local transportation lines, and insisted that the terms of the 1907 contract-ordinances be complied with until a new traction policy is approved through a referendum vote. Yet, in the face of this mandate, a long contemplated and adroitly executed plan of the traction bosses is consummated to thwart the will of the people.

"The increase in car fares awarded the companies is a vicious public hold-up by the brazen and unscrupulous crowd representing the ownership and operation of our street railway systems, who have apparently perfected all the preliminary arrangements for an interminable scheme of wholesale and retail plunder.

"What do the people of Chicago think when they pay their added fares and realize that they are contributing to dividends on over seventy-five millions of dollars in watered stock, and to the upkeep of traction officials, drawing salaries of from forty thousand dollars to sixty thousand dollars a year, and who hold utter disregard for the public welfare?

### Fight Will Go On—Hope in New Policy

"The fight for the five-cent fare will go on by and with the aid of the people. The fight for better service will go on. The fight for honest traction management will go on. The City government will contest, with every resource at its command, the infliction of this added oppression upon an already overburdened constituency. We will fight the traction magnates now clutching at the public throat until their greed is conquered and their plans of extortion defeated, and until government irresponsive to the people becomes answerable and obedient to the people.

"There is hope for the future. The ultimate result of the present decision will be that the arrogant and autocratic traction policy with which Chicago is afflicted must give way to a management in the hands of men responsible to the people, who can be directed by the people and who will be concerned in the people's interest.

"I shall in the near future present a plan whereby such a situation can be brought about and whereby either the ownership or operation of our traction lines, or both, may be in accord with the reasonable desires of the public, and give Chicago a transportation system which will be a model for the world."

### Traction History

Before proceeding to discussion of the plan suggested, a summary of traction affairs as related to the City of Chicago may be of interest to some of the members of the Council in considering an adjustment or determination of the question.

Prior to April 2, 1906, the Surface Lines claimed 99-year rights in the streets of Chicago, which practically put them above and beyond control of the City government; but the Supreme Court of the United States decided that such claims were without foundation except in some minor and unimportant particulars. Following this decision the Surface Lines were compelled to enter into negotiations with the City to procure the right to continue to operate. These negotiations resulted in the so-called settlement ordinances passed by the City Council February 4, 1907, vetoed by the Mayor and passed over his veto February 11, 1907,



and approved by the people on a referendum vote April 2, 1907. These ordinances were accepted by the companies and grant them the right to operate their system of street railways in the streets of Chicago for twenty years, or until February 1, 1927. These ordinances, no matter how vicious or one-sided they may be, are unquestionably solemn contracts between the people of the City of Chicago and the Surface Lines, and are comprehensive in every detail.

### Provisions of 1907 Contract Ordinances

They provide for maintenance of the street railways in first-class condition and for furnishing first-class transportation to the people. They specifically provide that carfares for adult passengers shall be five cents for a continuous trip in one general direction within the present or future city limits, and that transfers shall be given at all connecting points. And in the Unification ordinance passed November 13, 1913, and accepted by the companies the permanence of the five-cent fare is re-insured. And it will be remembered that in the campaign for ratification of these ordinances by the people, the leading inducement, and rallying cry to secure votes was: "One City, one fare, five cents with universal transfers."

These ordinances also contain provisions giving the City the right to purchase the properties of the systems during the terms for which they run, upon six months' notice, and at the end of the terms, upon specified valuations. Under these ordinances the so-called capital account has been built up, which now amounts to more than $157,000,000 and is the price which the City would have to pay the companies for their properties in case it desired to purchase. On this capital account, or cash purchase price to the City, the companies draw five per cent annual interest and deduct same from gross receipts before any division of net receipts is made between the Companies and the City.

### Operation of "Capital Account"

According to the Companies' claims this $157,000,000 represents the cost of their properties, but it includes five per cent for brokerage and ten per cent for contractor's profit, which fifteen per cent never went into the property at all and on which the Companies have earned five per cent or more during the last twelve years. In other words, every time the Companies spent $850 for property or equipment or additions thereto they added $100 for contractor's profit and $50 for commission, thereby creating $1,000 worth of value and the $1,000 so created was added to the Companies' selling price of the property, thereafter bringing them an annual interest return of five per cent.

### Companies Plead for Tax Reductions

This capital account is strictly a one-sided affair, because the cost of all construction and equipment of old street railway lines and new is added to it from time to time while nothing is ever deducted on account of property depreciated or worn out or removed from service. In 1917, Mr. William W. Gurley and Col. E. R. Bliss, lawyers, representing the traction interests, appeared before the Cook County Board of Review and stated that of this capital account, which then amounted to approximately $150,000,000, $55,775,000 was gone and there was nothing left to represent it, and that $11,000,000 had been invested in pavements and $2,000,000 in sewers which belonged to the City of Chicago and that the balance was only worth one-half on account of depreciation. How do you think the citizens of Chicago in case of a desire to purchase the traction lines would relish paying $13,000,000 for streets and sewers which they already own, and $55,775,000 for property which it is admitted by the owners went to the scrap heap several years ago? And where is the benefit to the public in the privilege exercised by the Surface Lines Companies of drawing five per cent annual interest on the cost of pavements and sewers which belong



to the people and which were installed only in consideration of the people awarding the Companies the most valuable of all their possessions, the use of the public streets?

### Utilities Commission Admits Inflation

In the latter part of April of this year, at the hearing then pending before the State Public Utilities Commission on the application of the Surface Lines for an increase in rates of fare, where I appeared as a witness and testified, I called to the attention of the Commission the statement of the representatives of the traction companies before the Board of Review and the Commission in denying the application for increased carfares at that time found that the capital account of the Surface Lines embodied items aggregating at least $44,000,000, which represented no property at all and could not be considered for rate-making purposes.

### Companies' Receipts for Last Twelve Years

The Surface Lines Companies have received, under the ordinances, for the twelve-year period ending January 31, 1919, six per cent each year of the gross receipts for maintenance and repairs and eight per cent for renewals and depreciation. Approximately two-thirds of the amount collected for renewals and depreciation has been spent for the purposes intended. Consequently the Companies now have on hand a cash balance in this fund amounting to $9,686,052,20 upon which they are drawing interest. They have also received during the past twelve years 5% each year on the capital account as hereinbefore mentioned, and this includes 5% upon the $44,000,000 which the Public Utilities Commission found to be the minimum inflation, and runs concurrently with 5% upon the $55,775,000, $11,000,000, $2,000,000, and other items which the representatives of the Companies before the Board of Review stated meant nothing to them and ought not to be taxed, not even the interest already collected by them. They have also received forty-five per cent of the net divisible receipts remaining after deducting the foregoing items. In all they have received, excluding the amounts for main-

tenance and repairs and renewals and depreciation, and adding the allowance for contractor's profits and brokerage, a grand total of $104,159,526.63 during the twelve years ending January 31, 1919.

### Returns on Investments Profitable

President Leonard A. Busby of the Surface Lines, before the Public Utilities Commission last month, testified that for the twelve-year period above mentioned the average return to them on the capital account, or purchase price, had been 6.273%. Obviously this means that with the water squeezed out and honest financial values substituted for fictitious ones the companies have earned extraordinary large returns on their actual investments. In fact, if they had conducted the business of their companies in an honest manner, under straightforward systems of management and accounting, they could have paid adequate wages to their employes at all times, maintained the five-cent fare and rendered efficient traction service to the people.

### Companies' Indebtedness Questioned

The Companies plead that they should be permitted to earn enough to pay the interest on their outstanding indebtedness, which exceeds $140,000,000. I believe that a large part of this indebtedness is made up of items of old indebtedness carried forward from 1906 and 1907, when a re-organization of the Companies took place and when the old creditors and stockholders in the various Companies were taken care of in devious ways. The old stockholders were given stock, or participating shares, at the time of re-organization on which the Surface Lines have been paying dividends during the twelve years just closed. Obviously these stockholders, or holders of participating shares, have no actual equity in the properties now, and have not had for many years, as the capital of the Companies is grossly inflated and they are mortgaged for millions of dollars more than they are really worth. The whole financial fabric of the Surface Lines, with their



capital account and indebtedness, is a conspiracy against the public interest and the people who ride on the cars and pay the fares carry the entire burden.

### Companies Can Break Contracts—People Cannot

The hearing before the Public Utilities Commission on the application of the Surface Lines as to what permanent rates they may charge commenced yesterday. It is well understood that at this hearing the Companies will contend, in short, that the City is bound by the contract ordinances, but the Companies are not. They will even contend that they are at liberty to break the contract ordinances relative to their capital account and have their properties revalued on the basis of war-time prices for labor and material, so that they can pay themselves more brokerage, greater contractor's profits and larger interest returns. I anticipate that the Public Utilities Commission may sustain them in all their contentions, but I sincerely hope and believe that the courts will not confirm any such high-handed and arbitrary proceedings, but, unfortunately, the Companies will in the meantime be pocketing the revenues from increased fares and there may be no immediate method of obtaining relief for the people who are compelled to pay. Whether or not we can ever recover for the people the excess carfares collected is a legal problem which I will not at this time discuss any further than to say that I have instructed the Corporation Counsel to ask the courts to make some order by means of which reparation for injustice may be ultimately secured.

### Change in Traction Management Imperative

I think from the foregoing, and from public knowledge, that something must be done to change conditions. The City cannot deal with the Surface Lines Companies any longer, as at present constituted, because they are contract-breakers. They are not only contract-breakers with the City government, but with the people who were inveigled into voting for, and approving the ordinances, which provide for "One City, one fare" for a term of twenty years; and that fare five cents with universal trans-

fer privileges. The ordinances solemnly obligate the Companies to charge only five-cent carfares, yet they trample their obligations under their feet when it serves their greed to do so. They repudiate the provisions of the law which protect the community's rights and seek refuge in the provisions which protect their own. This is a manifestation of multi-millionaire anarchy, which will prove fatal to popular government unless permanently checked. The streets of Chicago belong to the people and street car transportation, under just and reasonable conditions of service, is the right of the people. Therefore, I submit to the City Council, and to the people of Chicago, that a plan must be devised which will result in the street car system of Chicago being taken out of the hands of the present management and vested in an authority directly responsible to the people whereby the car-riding public may have adequate service at a five-cent fare, and that the employes who operate the system may be paid wages commensurate with their service.

### New Governing Agency—"Transportation District of Chicago"

It is futile for the people to expect representative government that represents them only through a so-called Public Utility Commission appointed by a power, itself distant from the people immediately concerned. I would suggest that a new local government be formed, to be known as "The Transportation District of Chicago" or by some other descriptive title. It may be argued that we have too many local governing agencies now. That is true and consolidations should be effected. But this is one agency that should be separate and distinct from all others, bear no relation to political conditions which surround others, and be so organized and constituted as to be directly responsible to the people who comprise it.

This proposed government should have the power to levy taxes and issue bonds in order to raise a sufficient revenue to purchase or build and equip street railway



properties sufficiently extensive to serve the City of Chicago, and its environs in the most modern and efficient manner.

### To Be Managed by Trustees Elected by the People

"The Transportation District of Chicago" should include in its territorial limits the metropolitan district of Chicago whatever length or breadth of territory that may be determined to be. The governing body of this proposed "Transportation District" should be a board of five trustees elected by the people. These trustees should be elected at the outset, one for one year, one for two years, one for three years, one for four years, and one for five years, and thereafter one each year for a five-year term. The election each year for trustees to take place at the time of th aldermanic elections, thereby involving no extra expense. By this system the people would exercise close control over the general policies of the district and could effect changes or alterations in management each year if they desired. Through a government such as this, the traction situation would at all times be in the hands of officials directly responsible to the people and local transportation would be operated, not with a view to fianancial profits and returns on unearned increment, or for creating wealth through the swindling processes of maintaining artificial values on worthless or non-existent properties, but for the single purpose of giving the people useful commodious and accommodating transportation at a five-cent fare.

### Companies Rights Should Be Forfeited

I hope there is a reasonable ground to believe that the City may soon rescind and cancel the rights of the present Surface Lines Companies in the street of Chicago under the contract ordinances for the reason and upon the ground that the companies have refused to be bound by said ordinances and have renounced their contracts with the City and with the people, and for other good and sufficient reasons, some of which I have called to your attention.

The contract ordinances are very plain as to forfeiture of rights and privileges in the streets through failure to comply with all of the terms and conditions of the ordinances upon the part of the Companies. One of the most important terms and conditions of these ordinances is the maintenance of the five-cent fare throughout the period of time covered by the ordinances.

### Future Financial Arrangements

It should be borne in mind that under the contract ordinances of 1907, the City has some twenty-five million dollars in the traction fund and other monies available when the rights of the present traction companies are ended, to start the building of subways and such lines of transportation as may be required to create a superior system under direct control of the people who use it. Long-term bonds can be issued to procure money necessary to acquire existing properties or build a new system and thereafter the properties will be self-sustaining and the income from them sufficient, not only for their operation, but to pay interest on bonds and provide a sinking fund to meet the principal when due. Such bonds will be desirable security and there will be no difficulty in marketing them at a comparatively low rate of interest.

I am advised that there is no constitutional objection to the plan herein proposed. Enabling legislation will be necessary, but I am confident that the Governor and the Legislature will give the City such aid if the people demand it. Governor Lowden in the platform on which he was elected, and in his campaign speeches, pledged himself to home rule for Chicago. In his first message to the Legislature in 1917, he declared as follows:

### Governor Lowden's Position and Legislation

"We have declared for the control by Chicago of its own local public utilities. Just how this control should be worked out is a problem peculiarly resting upon the people of Chicago. The great metropolises of the world become in a large measure political units. The public utilities of such cities relate themselves to the business of the people, to their well being at home, to their recreation, and, in fact, are closely woven with their daily life. The question, therefore, of the control of the public utilities of Chicago principally affects the people of Chicago, and they should have the right of control of such utilities. The form that such control shall take will not answer the needs unless it shall be satisfactory to the people of Chicago."



In view of the record of the Governor on local public utility control and his attitude toward home rule for Chicago, and in the light of the foregoing declaration, all that it is necessary for the City Council to do is to pass the ordinance which I will submit and Governor Lowden is in honor bound to call a special session of the Legislature to enact the legislation which will enabe Chicago to control its public utiities in manner and form satisfactory to its people.

### Change in Car Routing Desirable

I also believe that a practical change should be made in the routing of transportation lines through the City which will eliminate curves and switching in the downtown district. All lines should run through congested districts in the interest of the whole people, rather than for the benefit of special interests. I cannot conceive of a competent engineer who, if unhampered in his operations, would lay out a plan for the operation of a street railway system in a city like Chicago and provide for a terminal or switchyard at the point of greatest congestion.

### Commission Needed to Plan Steps

Having set forth my general suggestions for a plan of acquiring and operating a street railway system by trustees or managers elected by the people and who by the terms of their election must operate the system solely in the interest of the people, I request that you authorize me to appoint a commission to work out the problems involved in detail, draft the necessary legislation, and take such other preliminary steps as may be expedient to bring the plan to an issue before the people in definite form, and that you provide such funds as may be necessary for the purpose either from the traction fund or from other sources.

### Last Commission Turned Out Defeated Ordinance

In this connection I call your attention to the fact that numerous commissions, committees and individuals have been appointed in the past to investigate, study and report on local transportation conditions and the City has on hand a wealth of data upon which thousands of dollars have been spent to no avail. The last commission consisting of William Barclay Parsons and Robert Ridgway of New York and Bion J. Arnold of Chicago spent $295,467.17 upon its work and the work of the local transportation committee embodying its recommendations. This resulted in the passage of the ill-fated ordinance vetoed by me, passed over my veto, and defeated by the people on referendum vote last November. This was a trustee ordinance with trustees selected in advance, all for nine-year terms, and all of whom were connected with the present traction management or financial institutions closely related to the traction interests and not one of whom could be said to represent the interest of the car-riding public.

### Past Procedure Differs from Proposed

Past proceedings differ radically from what I herein propose. Previously the Council named the commissions and became responsible for the results of their efforts. In this instance I anticipate appointing the commission and will assume the responsibility that its work will result to the advantage of the people. Previously, valuations have been put upon the Surface Lines which included every fictitious and inflated value known to tricky and ingenious manipulators. In this case I propose that whatever properties are assimilated shall be bought or built at their actual cost. Previously the ordinances have contemplated, directly or indirectly, increases in rates of car-fare. Here I contend that the people shall have transportation at five-cent fares and that transfers shall be universal for travel in a general direction. Previously the lines have been located to suit the traction companies and favor special interests. Here I propose that the lines be located solely for the purpose of serving the public and



of being maintained and operated under direct responsibility to the people and in their interests alone.

### Ordinance Submitted—End Private Ownership, Give People Ownership and Five-cent Fare

I submit herewith a form of ordinance and urge immediate consideration thereof to the end that action may be initiated on our traction problems without undue delay. Prompt passage of this ordinance means that work on preliminary details can be started at once and that at a comparatively early date legislative, financial and engineering plans may be reported that will mean a lasting end to private ownership and operation of local transportation service, which has at all times been the servant of organized wealth and greed. In place thereof we will have transportation under a representative ownership and operation directly controlled by the people for all time to come, and such control in my judgment will prove efficient, economical and responsive to public opinion which private ownership and operation never has. Instead of trustees selected by traction magnates and related financial interests for long terms, whose concern for the people is measured only in money and profits, we will have trustees elected for five-year terms by the people whom the transportation serves and whose whole solicitude will be for the public welfare.

I am convinced that this form of ownership and operation is the safest and best policy to provide proper and adequate transportation at a five-cent fare. It will mean a people's ownership and operation in which the people directly affected, and who pays the costs, become entitled to full voice. under a well ordered system, in the management and direction of their own service.

Respectfully submitted,

Mayor.

# AN ORDINANCE

AUTHORIZING THE APPOINTMENT OF A COMMISSION ON LOCAL TRANSPORTATION TO INVESTIGATE, STUDY AND FORMULATE PLANS FOR THE SOLUTION OF LOCAL TRANSPORTATION PROBLEMS.

WHEREAS, The Mayor of the City of Chicago, on September 9, 1919, sent a message to the City Council of said City, in which he outlined a plan for the solution of the local transportation problems confronting the people of the City of Chicago and surrounding territory by the creation of a local transportation district administered by trustees elected by the people thereof which should own, control and operate a comprehensive system of street railways with transportation at a five-cent fare; and

WHEREAS, It is necessary, in order to bring said plan before the people in concrete form, to secure enabling legislation and to work out the legal, engineering and financial problems connected therewith, and such details can only be arrived at through the employment of engineers, accountants, attorneys and others who have expert knowledge on the subject of local transportation; therefore

*Be It Ordained by the City Council of the City of Chicago:*

SECTION 1. That the Mayor be and he is hereby authorized and empowered to make and execute a contract or contracts for and on behalf of the City of Chicago with persons qualified to perform the duties herein prescribed for them, who shall form a commission for the investigation and study of local transportation conditions and who shall formulate plans for the acquisition, extension, control and operation of street railways serving the public in the City of Chicago and surrounding territory. The Mayor shall proceed in such manner and use such means as he deems proper in order to secure for this purpose engineers, attorneys and accountants of the highest standing in their profession who have had the best possible experience in the line of transportation work tending to fit them for solving the questions connected with the local transportation situation and the presentation of plans for creating a local transportation district administered by trustees elected by the people. Separate contracts may be entered into with the persons named for such commission, the periods for which such contracts shall run may begin at different times, and the compensation to be paid to such persons forming said commission may vary and shall be determined by the Mayor.



SECTION 2. It shall be the duty of the said Commission to make a complete and thorough investigation of the whole subject of local transportation and the problem of obtaining improved transportation facilities for the City of Chicago and surrounding territory by means of street railways, and to formulate plans for the creation of a public body for the purpose of owning, controlling and operating a system of local transportation in a district which shall embrace the area of the entire City of Chicago, and such other portions of the areas of adjoining cities, villages and towns as logically form a part of the metropolitan district of Chicago. Said Commission shall also cause to be drafted such legislative bills as may be necessary or expedient, for presentation to the General Assembly, whereby the manner of forming such district and the delegation of powers thereto are fully defined and set forth, such proposed legislation to provide for the formation of such local transportation district through a referendum vote of the people in the territory affected.

It shall further be the duty of such Commission to prepare a series of plans with such detail as may be necessary by which a complete system of street railways, including all necessary subways, structures and appurtenances, adequate for the present and future needs of such transportation district, may be provided either by the construction of new lines or by purchase, condemnation or otherwise.

The said Commission shall complete its work within nine months from the time the City Council shall have made the necessary appropriation therefor, or shall otherwise have provided the means of proceeding with said work, and the said Commission shall within such time submit to the Mayor for transmission to the City Council a full report thereof, together with the plans worked out and recommended by it, the proposed enabling legislation, and all other matters prepared in pursuance of the powers and duties herein prescribed.

Said Commission shall also make reports to the Mayor on any phase of its work when the same is called for by the Mayor

and at such other times as the Commission may deem proper.

SECTION 3. To the end that a comprehensive plan for a complete system of street railways as provided for herein may be designed and presented in concrete form for approval and ratification, said Commission shall have power to employ a secretary and such attorneys, engineers, accountants, clerks, stenographers and other employes as may be needed, to rent suitable quarters and to incur other necessary expenses as the same may be required. The City Council shall fix the salaries of all employes. The compensation of the members of said Commission and the appropriate expenses for same and for any report or reports made by same, including the printing and circulation of such reports, shall be paid out of appropriations now made or hereafter to be made for purposes of street railway construction and drawn from the deposits made by the traction companies under the terms of their respective ordinances, commonly known as the traction fund, or from such other fund or funds as the City Council shall deem proper. The total amount to be expended for all purposes named herein shall not exceed the sum of $250,000.

SECTION 4. This ordinance shall take effect and be in force from and after its passage and due publication.

MSH 21774

END OF
TITLE